

abrdrn Asia Focus plc

(formerly Aberdeen Standard Asia Focus PLC)

A fundamental, high conviction portfolio of well-researched Asian small caps

Performance Data and Analytics to 31 May 2022

Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

The full investment policy is available for download on the Company's website.

Comparative benchmark

With effect from 1 August 2021 the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the comparative index and performance is also measured against the peer group. Given the Manager's investment style, it is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Cumulative performance (%)

	as at 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years	Since BM Change 31/7/21
Share Price	263.0p	(3.1)	1.4	(5.9)	6.6	33.1	39.3	1.8
Diluted NAV ^a	299.6p	(2.0)	1.5	(7.7)	6.0	30.2	36.0	(0.5)
Composite Benchmark		(2.3)	0.9	(5.1)	1.4	38.2	42.6	(1.7)

Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	6.6	44.4	(13.5)	2.7	1.9
Diluted NAV ^a	6.0	37.6	(10.8)	(0.5)	5.0
Composite Benchmark	1.4	45.2	(6.1)	(8.9)	13.3

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: Aberdeen Asset Managers Limited and Morningstar.

Past performance is not a guide to future results.

^a Including current year revenue.
 © 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

Morningstar Rating™



[®] Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

Ten largest equity holdings (%)

Park Systems	Korea	3.5
Affle India	India	3.4
Pacific Basin Shipping	Hong Kong	3.3
AEM Holdings	Singapore	3.3
Nam Long	Vietnam	3.3
FPT	Vietnam	3.0
M.P. Evans	United Kingdom	3.0
AKR Corporindo	Indonesia	3.0
Mega Lifesciences	Thailand	3.0
Medikaloka Hermina	Indonesia	2.8
Total		31.6

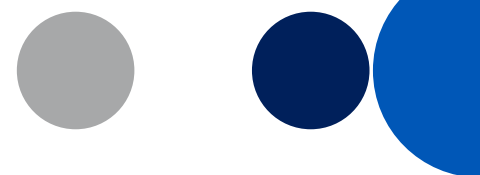
Country allocation (%)

	Trust	MSCI AC Asia ex Japan Small Cap Index	Month's market change
India	14.5	24.3	(8.7)
Taiwan	11.0	24.9	2.1
Indonesia	9.9	2.5	1.1
Malaysia	7.6	3.2	(3.9)
Thailand	7.3	4.6	(0.7)
Hong Kong	6.9	5.7	0.6
Singapore	6.8	6.6	(2.1)
Vietnam	6.3	-	-
Korea	6.2	18.0	(0.3)
China	5.7	9.1	(2.2)
Philippines	4.0	1.1	(2.5)
United Kingdom	3.0	-	-
New Zealand	2.8	-	-
Denmark	2.1	-	-
Sri Lanka	1.4	-	-
Australia	1.3	-	-
Myanmar	1.2	-	-
Cash	2.0	-	-
Total	100.0	100.0	

MSCI AC Asia ex Japan Small Cap. Month's market change represents the individual country returns calculated using the MSCI Index series (£). Market change is Total Return in GBP. Index may not add up to 100 due to rounding. Source: Aberdeen Asset Managers Limited and MSCI.

All sources (unless indicated): abrdrn: 31 May 2022.





1 Year Premium/Discount Chart (%)



Fund managers' report

Market review

Emerging market equities suffered a bad start to May. This was on the back of prevailing concerns over aggressive policy tightening globally and the potential effect on China's economic growth of the introduction of mobility curbs in reaction to the resurgence in Covid-19 cases. As the month progressed, however, sentiment recovered as the Chinese government moved to cushion the impact of a slowing domestic economy. Further, US President Joe Biden indicated he was considering removing tariffs on selected imports from China. Against this backdrop, with risk appetite still on the conservative side, Asian small caps lagged their large-cap peers. At the country level, Taiwan, Indonesia and Hong Kong finished in positive territory, but Indian stocks fell sharply.

Our exposure to Hong Kong served us well due in large part to our holding in bulk shipper Pacific Basin, which continued to rally over the month. Management indicated that, aided by its diversified network of routes, there has been a limited near-term impact from China's mobility curbs and the Russia-Ukraine conflict. We expect the company to enjoy a period of higher profits and better earnings visibility, given tight industry supply. Another North Asia company to fare well was internet retailer momo.com, which rebounded as more consumers took to online shopping following a surge in domestic Covid-19 cases. China's Joion Laboratories also contributed positively as its quarterly result exhibited strong revenue growth, margin stability and healthy cash-flow generation. The company also announced two acquisitions, both of which look to us like strategically sound deals.

In Indonesia, it was another good month for our position in petroleum and chemicals distributor AKR Corporindo following its record quarter announced in April. UK-listed palm-oil producer MP Evans also continues to benefit from elevated commodity prices.

Fund managers' report continues overleaf

^c Expressed as a percentage of average daily net assets for the year ended 31 July 2021. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The Ongoing Charges figure can help you compare the annual operating expenses of different Companies.

^d with effect from 1 August 2021, 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary Shares in issue (excluding those held in treasury), valued monthly.

^e Calculated using the Company's publicly announced target dividend yield of 6.2p for the year ending 31 July 2022 and month end share price.

^f Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

^g The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Total number of investments 63

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	16.40	13.60
Beta	0.85	0.78
Sharpe Ratio	0.57	0.49
Annualised Tracking Error	6.69	6.92
Annualised Information Ratio	(0.39)	(0.24)
R-Squared	0.86	0.81

Source: Aberdeen Asset Management, BPSS & Datastream. Basis: Total Return, Gross of Fees, GBP. Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value (NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

Key information

Calendar

Year end	31 July
Accounts published	October
Annual General Meeting	December
Dividends paid	March, June, September, December
Launch date	October 1995
Fund managers	Flavia Cheong, Gabriel Sacks, Neil Sun, Hugh Young
Ongoing charges ^c	1.10%
Annual management fee ^d	0.85% Market Cap (tiered)
Premium/(Discount) with debt at fair value	(12.2)%
Yield ^e	3.0%
Net gearing with debt at par ^f	11.8%
Active share ^g	97.9%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Gross Assets	537.7
Debt (CULS + bank loan) at nominal value	66.5
Cash & cash equivalents	11.1

Capital structure as at 28 February 2022^H

Ordinary shares	156,953,095
Treasury shares	51,744,590
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,643,991

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN code ^H	GB0000100767
ISIN Code (from 4/2/22)	GB00BMF19B58
Sedol code ^H	0010076
Sedol code (from 4/2/22)	BMF19B5
Stockbrokers	Panmure Gordon
Market makers	SETSmm



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.investments.co.uk/#signup or www.asia-focus.co.uk



Contact

Private investors
0808 500 4000

Institutional investors

InvestmentTrustInvestorRelations-UK@abrdrn.com
+44 (0)20 7463 5971
+44 (0)131 222 1863

Fund managers' report – continued

The Trust benefited from the underweight to India, but this was more than offset by stock selection. Among the detractors was Affle, an Indian data platform that enables digital advertising, which corrected over the month despite reporting encouraging quarterly results. Similarly, leading South Indian property company Prestige Estates delivered solid quarterly results, but this was outweighed by negative sentiment following the central bank's rate-hike announcement. Our exposure to South Korea also detracted from performance. Among the stocks to lag the benchmark was Koh Young Technology, which continues to be weighed down by the broader weakness in growth stocks.

The only transaction of note was the purchase of South Korean technology stock Leeno Industrial. Leeno designs and manufactures equipment that is vital in the testing process of most electronic products. It is the global market leader, backed by more than 40 years of experience, which enables the company to perform the entire manufacturing process in-house. Industry dynamics also favour entrenched incumbents, as upfront investment is high, which acts as a barrier to entry. Leeno supplies the largest semiconductor manufacturers globally and has a well-diversified customer base, spanning over a thousand clients. We are also positive about its longer-term prospects thanks to strong growth in end markets driven by 5G, artificial intelligence, medical devices and autonomous driving and electric vehicles. This is all backed by excellent financials. Its healthy free cash flow and net-cash balance sheet enables it to fund its capex and working capital internally and it consistently generates a return on equity in the high teens.

Outlook

We expect Asian markets to remain volatile in the shorter term given the prevailing stress points of rising inflation, the war in Ukraine, monetary-policy normalisation and Covid-19 resurgences. In China, though, we are seeing positive signals from policymakers that could bolster market sentiment. The government has restated its support for the economy, with the latest measure being an increase of 800 billion yuan (US\$120 billion) in the credit quota for policy banks to support infrastructure spending. The central bank also delivered a larger-than-expected cut of 15bps to a key interest rate, which should provide relief for the domestic real estate sector. Beijing and Shanghai have eased Covid-19 restrictions, with the latter unveiling a slew of supportive measures. Elsewhere, the economic recovery in Southeast Asia continues to gain momentum as countries like Singapore and Thailand reopen after the removal of restrictions.

Asian markets clearly now face macroeconomic and geopolitical pressures, but we believe that there has not been a significant deterioration of fundamentals across the region. Some of the companies we hold have warned about the challenges posed by higher input costs and rising interest rates but, encouragingly, the earnings of many of our holdings have either met or exceeded our expectations in the latest results reporting season. Further, the turbulence in certain markets has resulted in much more palatable valuations. This creates opportunities for investors like us who are there for the long run, both through identifying new ideas and increasing our weighting to quality long-term holdings.

We remain positioned around structural growth themes, including domestic consumption, technology and green energy. Indeed, many of our holdings in these areas now look even more attractive to us given the recent sharp rotation away from growth stocks. As always, our focus is on quality companies with strong balance sheets and sustainable earnings prospects that can emerge stronger in tough times.

The risks outlined overleaf relating to gearing, emerging markets, small companies and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

Important information overleaf

^H on 4 February 2022 the Company completed a 5 for 1 Share split and each Ordinary share of 25p was sub-divided into 5 Ordinary shares of 5p.

Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- The Company invests in smaller companies which are likely to carry a higher degree of risk than larger companies.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- The Company invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

Other important information:

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Key Information Document (KID). These can be obtained free of charge from Aberdeen Asset Managers Limited, PO Box 11020, Chelmsford, Essex, CM99 2DB or available on www.invtrusts.co.uk. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. * abrdn means the relevant member of abrdn group, being abrdn PLC together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Issued by Aberdeen Asset Managers Limited, registered in Scotland (No. 108419), 10 Queen's Terrace, Aberdeen AB10 1XL. Authorised and regulated by the Financial Conduct Authority in the UK.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI" Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (www.msci.com).

For more information visit invtrusts.co.uk